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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Peacekeeping Force in Cyprus

Financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Peacekeeping Force in Cyprus

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial performance of the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2001 to 30 June 2002 (A/57/667) and the proposed budget for the period from 1 July 2003 to 30 June 2004 (A/57/687 and Corr.1). During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

2. UNFICYP was established by the Security Council in its resolution 186 (1964) of 4 March 1964. From its inception until 15 June 1993, the costs of the Force were met by the Governments providing contingents, the Government of Cyprus and voluntary contributions to UNFICYP. In accordance with General Assembly resolution 47/236 of 14 September 1993, the costs of the Force since 16 June 1993 that were not covered by voluntary contributions have been assessed on Member States. Voluntary contributions equal to one third of the annual cost of UNFICYP have been made on a continuing basis by the Government of Cyprus, while the Government of Greece has been making annual contributions of $6.5 million.

3. **In its general report, the Advisory Committee has commented extensively on the results-based budgeting format, including the need for realistic statements of expected accomplishments and indicators of achievement. In its report on the proposed budget for UNFICYP for the period from 1 July 2002 to**

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30 June 2003, the Committee welcomed the steps taken to present the UNFICYP budget in a results-based format (A/56/887/Add.4, para. 21).

4. **In the current presentation, however, other problems have arisen. For example, expected accomplishments and indicators are at a high level of aggregation, even in the support component where there is room to be more specific, including the setting of target benchmarks. The representatives of the Secretary-General acknowledged this weakness and agreed that in the next submission, the formulation would be more specific.**

I. Financial performance for the period from 1 July 2001 to 30 June 2002

5. The amount approved by the General Assembly in its resolution 55/266 of 14 June 2001 for the maintenance of UNFICYP for the period from 1 July 2001 to 30 June 2002 was $42,389,220 gross ($40,697,146 net), including the portion to be met through voluntary contributions from the Governments of Cyprus and Greece as well as $1,240,621 gross ($1,088,767 net) for the support account for peacekeeping operations and the amount of $129,599 gross ($116,379 net) for the United Nations Logistics Base at Brindisi, Italy. Expenditure amounted to $40,288,400 gross ($38,799,400 net), resulting in an unencumbered balance of $730,600 gross ($692,600 net) or 1.8 per cent of the amount appropriated. The unencumbered balance of $730,600 gross ($692,600 net) resulted from reduced requirements under military and police personnel ($460,500) and civilian personnel ($934,400), offset by increased expenditure under operational requirement ($664,300).

6. The Advisory Committee notes that the budget implementation does not normally lead to large unencumbered balances at UNFICYP. However, the performance report on the budget of UNFICYP for the period from 1 July 2001 to 30 June 2002 shows savings on or cancellations of prior obligations of $3.6 million (A/57/667, sect. II.B). The Committee notes that this amount is proportionally large compared with the budgets of the Mission to which these amounts relate. With respect to the period ending 30 June 2002, the Committee was informed that, as of 28 February 2003, unliquidated obligations amounted to $1.4 million.

7. **The Advisory Committee requests that in future the additional information provided to the Committee should contain a breakdown of savings from prior year obligations so as to enable the Committee to monitor the extent to which obligations are verified prior to obligating the funds as well as to understand the reasons that lead to savings on or cancellation of prior-period obligations.**

8. The comments of the Advisory Committee on the information contained in the performance report (A/57/667) on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget (A/57/687 and Corr.1) in the paragraphs below.

II. Information on Performance for the current period

9. The Advisory Committee was informed that, as at 5 March 2003, the cash position of UNFICYP amounted to $16.5 million. Assessments on Member States

for the period from 16 June 1993 to 15 June 2003 amounted to $223.9 million, payments received totalled $197.3 million and the amount outstanding was $26.6 million, as at 31 January 2003. Total unliquidated obligations for the period from 1 July 2001 to 30 June 2002 were $1.6 million, as at 28 February 2003.

10. The Advisory Committee was informed that, as at 31 January 2003, the amount of $141.1 million was reimbursed for troop costs for the period from 16 June 1993 to 31 July 2002 and that the amount owed for the period from 1 August 2002 to 31 January 2003 was $8.2 million.

11. The Advisory Committee was also informed that, as at 31 January 2003, $5.8 million was reimbursed for contingent-owned equipment; the estimated amount owed was $2.1 million; outstanding claims amounted to $2.1 million; and unliquidated obligations for contingent-owned equipment amounted to $1.8 million. As regards death and disability, 23 claims have been settled, amounting to $1.2 million; and the balance of obligations amounts to $678,000 with two claims remaining to be settled.

12. The Advisory Committee was provided with expenditure data for the period from 1 July 2001 to 30 June 2002 as at 28 February 2003 (see annex). Expenditure for the period amounted to $34,865,600 gross ($33,921,400 net) against an apportionment of $43,652,700 gross ($42,016,500 net).

III. Cost estimates for period from 1 July 2003 to 30 June 2004

13. An amount of $45,686,700 gross ($43,914,000 net), inclusive of budgeted voluntary contributions in kind amounting to $1,318,300, has been requested. This represents a 1.6 per cent increase ($715,700) in gross terms in relation to the apportionment for the current period from 1 July 2002 to 30 June 2003.

A. Military and police personnel

14. The cost estimates for the military and police personnel for the period from 1 July 2003 to 30 June 2004 amount to $21,043,300, representing a decrease of $97,300 when compared with the amount of $21,140,600 approved for the period from 1 July 2002 to 30 June 2003. Expenditure for the military and police personnel for the period from 1 July 2001 to 30 June 2002 amounted to $20,169,200 of the $20,629,700 approved (A/57/667, sect. II.A). The Committee notes that an amount of $31,400 was saved under civilian police owing to the fact that deployment travel was arranged by UNFICYP instead of Headquarters, as originally planned (A/57/667, sect. III, para. 7). Upon enquiry, the Committee was informed that this was possible because UNFICYP is located in an area where vendors could be contracted. **The Committee requests that similar opportunities should be sought at other missions wherever it is determined that missions procure such services locally.**

B. Civilian personnel

15. With regard to staff resources, the Advisory Committee notes that 155 posts are proposed for the period from 1 July 2003 to 30 June 2004, an increase of 6 posts

over the 149 posts proposed for the period from 1 July 2002 to 30 June 2003 (A/57/687, sect. II.B.2). The increase includes the upgrade of one post, from P-5 to D-1, and the reclassification of seven international posts, primarily from the Field Service to the Professional category, as a result of the classification exercise completed by the Office of Human Resources Management in April 2002. The six new additional posts consist of three international posts (1 P-5, 1 P-2 and 1 Security Service post) and three national posts.

16. The Advisory Committee notes that the new P-5 post is for the Chief of Staff, who will ensure more effective United Nations operational command and control of the Force and act in place of the Force Commander during periods of absence on leave or duty (A/57/687, sect. III, para. 7). **The Committee recommends against this post for the reasons given in the general report.**

17. The Advisory Committee also notes that the new P-2 post is for an Associate Information Officer to assist the spokesperson in meeting the additional workload resulting from the acceleration of negotiations and related media interest in the situation in Cyprus (A/57/687, sect. III, para. 7). Upon enquiry as to why the Mission did not request a National Officer post for the purpose, the Advisory Committee was informed that the incumbent would have to be able to go to both communities. **The Advisory Committee is of the opinion that, at this stage, the need for the post is not justified.**

18. The new Security Service post is required to regularize security functions previously carried out on a temporary and ad hoc basis by a military officer (A/57/687, sect. III, para. 7). **The Committee has no objection to the establishment of this post.**

19. As indicated in paragraph 8 of the proposed budget (A/57/687, sect. III), the upgrading of the post of the Chief Administrative Officer from P-5 to the D-1 level is to bring it to the same level as corresponding posts in other "small to medium-sized missions". **The Advisory Committee recommends against the upgrade of the post of Chief Administrative Officer from P-5 to the D-1 level.**

20. With regard to the reclassification of four Field Service posts to the Professional category, the upgrade of the post of Chief Civilian Personnel Officer from P-3 to P-4 and the transfer of two General Service posts to the Field Service category, the Advisory Committee notes that no functional analysis or explanation has been given for these changes. **The Committee recalls that in its observations on the report of the Joint Inspection Unit it requested the Secretary-General to 'expedite the completion of the review of the Field Service category and to submit his comprehensive proposals in this regard to the General Assembly at its fifty-eighth session as recommended by the Joint Inspection Unit" (A/57/434, para. 4). The Committee intends to follow up on this matter in the context of its review of peacekeeping budgets in February 2004. Under the circumstances, the Committee recommends against the proposed changes pending consideration of the report to be submitted by the Secretary-General on the Field Service category. The Committee has no objection to upgrading the post of Chief Civilian Personnel Officer.**

21. As indicated in the proposed budget (A/57/687, para. 10), three new national staff posts are requested for an Inventory and Supply Clerk, a Communications Engineer and a Network Administrator. Additional clarification provided to the

Committee did not supply justification for the establishment of the three new national staff posts. **Accordingly, the Advisory Committee recommends against the establishment of the three national staff posts.**

22. The Advisory Committee has regularly commented on delegation of authority to missions, and since UNFICYP has existed for 39 years, the Committee enquired about the extent to which authority to perform a variety of activities had been delegated to it. The Committee was informed that with regard to staff recruitment, all international recruitment is done at Headquarters; short lists are sent to UNFICYP to make the selection. The Committee was further informed that, in the area of procurement, the Mission has been delegated the authority to enter into, on behalf of the United Nations, all actions for the procurement of goods and services up to the limit of $50,000 without the approval of the Local Committee on Contracts, and up to $200,000 with the approval of the Local Committee on Contracts. With regard to finance, the Mission has been delegated authority to redeploy funds between classes within the three budget categories of military and police personnel, civilian personnel and operational costs, subject to certain limitations.

C. Operational costs

23. With regard to training, the Advisory Committee was informed that for the period from 1 July 2003 to 30 June 2004, 116 staff are to be trained at a cost of $161,700, including travel related costs of $80,500. For the period from 1 July 2002 to 30 June 2003, the Advisory Committee was informed that 93 staff were to receive training. For the period from 1 July 2001 to 30 June 2002, 49 staff were trained at a cost of $79,300, including travel related costs of $47,400. For the period ending 30 June 2001, 39 staff were trained. Thus, in four years, the Mission trained a total of 297 staff, inclusive of 55 staff in communications and information technology.

24. The Advisory Committee was informed that travel costs for the internal auditors of the Office of Internal Oversight Services in the amount of $10,500 was included in the estimate of $80,500 for official travel for the 2003-2004 period. The Committee was also informed that the inclusion was an error, as all audit costs have been consolidated in the estimates for the support account for peacekeeping operations. **The Committee recommends the deletion of that amount from the estimates for UNFICYP for the 2003-2004 period.**

25. **The Advisory Committee notes that the "accomplishment" for training has been invariably described as "increased efficiency and effectiveness in supporting the Mission". The Committee notes from the additional information provided to the Committee that training activities in almost all cases comprise management and technical training and that in most cases the number of staff trained in particular functions in four years would appear in excess of the number of related positions as indicated in the staffing table. Since UNFICYP is not subject to the large vacancy factors experienced in other missions, the Committee requests that it monitor more closely how use is made of the staff who have been trained. Secondly, efforts should be made to set priorities in UNFICYP training activities as opposed to what appears to be an attempt to train extensively in every aspect of mission operational activities.**

26. Under communications, the amount of $885,500 is requested for the period from 1 July 2003 to 30 June 2004, representing an increase of $60,000 or 7.3 per cent when compared with the amount of $825,500 approved for the period from 1 July 2002 to 30 June 2003. The increase is due primarily to higher transponder and leased-line charges to cover the increase in bandwidth specifications, which is required for the implementation of new information technology and communications systems (A/57/687, sect. III, para. 15). Expenditure for communications for the period from 1 July 2001 to 30 June 2002 amounted to $799,800. In view of the fact that the modernization programme has already been undertaken, the Committee enquired as to what else would be needed under the new information technology and communications system referred to in the proposed budget (A/57/687, para. 15). The Committee was informed that the estimate related more to the increase in commercial communications charges to support the existing information technology systems, rather than the implementation of new and additional systems.

27. The amount of $717,200 is requested for information technology for the period from 1 July 2003 to 30 June 2004, representing a decrease of $140,800 or 16.4 per cent when compared with the amount of $858,000 approved for the period from 1 July 2002 to 30 June 2003. The decrease is due mainly to lower requirements for the replacement of data-processing equipment. Expenditure for information technology for the period from 1 July 2001 to 30 June 2002 amounted to $369,400.

28. With regard to the support provided by UNFICYP to the United Nations and non-United Nations entities in the Mission area for the period from 1 July 2001 to 30 June 2002, the Advisory Committee noted from the additional information provided to the Committee that, except in a few instances, no reimbursable amount was indicated. This shows a lack of monitoring of the cost of services rendered by the Mission to others. **The Committee requests the Mission to set up a simple practical mechanism to seek reimbursement. UNFICYP should seek guidance from the United Nations Logistics Base at Brindisi, including the method used to compute services.**

IV. Recommendations of the Advisory Committee

29. The action to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2001 to 30 June 2002 is indicated in the performance report (A/57/667, para. 15). **The Advisory Committee recommends that the unencumbered balance of $730,600 gross ($692,600 net) for the period from 1 July 2001 to 30 June 2002, as well as the interest and other income in the amount of $4,651,000 be credited to Member States in a manner to be decided by the General Assembly.**

30. The actions to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2003 to 30 June 2004 are indicated in the budget report (A/57/687, para. 19). **Taking into account its recommendations in the paragraphs above, the Advisory Committee recommends that the General Assembly: (a) approve the appropriation of $43,798,800 gross ($42,096,500 net) for the maintenance of UNFICYP for the 12-month period from 1 July 2003 to 30 June 2004, including $20,532,200 to be**

funded from voluntary contributions from the Government of Cyprus ($14,032,200) and the Government of Greece ($6.5 million); and (b) approve the assessment of $23,266,600 gross ($21,564,300 net) at a monthly rate of $1,938,883 gross ($1,797,025 net), should the Security Council decide to continue the mandate of the Force.

Annex

United Nations Peacekeeping Force in Cyprus: status of expenditure for the period from 1 July 2002 to 30 June 2003 as at 28 February 2003

(Thousands of United States dollars)

Category	*Apportionment (1)*	*Expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*
I. Military and police personnel			
Military observers	-	-	-
Military contingents	20 933.8	19 721.6	1 212.2
Civilian police	206.8	143.8	63.0
Formed police units	-	-	-
Subtotal, line 1	**21 140.6**	**19 865.4**	**1 275.2**
II. Civilian personnel			
International staff	5 426.2	3 503.9	1 922.3
National staff	4 004.2	2 678.6	1 325.6
United Nations Volunteers	-	-	-
Subtotal, line 2	**9 430.4**	**6 182.5**	**3 247.9**
III. Operational costs			
General temporary assistance	50.0	62.5	(12.5)
Government-provided personnel	-	-	-
Civilian electoral observers	-	-	-
Consultants	-	-	-
Official travel	163.2	102.4	60.8
Facilities and infrastructure	4 665.9	2 744.1	1 921.8
Ground transportation	1 872.1	1 418.0	454.1
Air transportation	1 433.4	1 368.2	65.2
Naval transportation	-	-	-
Communications	825.5	522.6	302.9
Information technology	858.0	400.5	457.5
Medical	219.5	154.8	64.7
Special equipment	285.6	-	285.6
Miscellaneous supplies, services and equipment	2 708.5	2 044.6	663.9
Quick-impact projects	-	-	-
Subtotal, line 3	**13 081.7**	**8 817.7**	**4 264.0**
Gross requirements	**43 652.7**	**34 865.6**	**8 787.1**
Staff assessment income	1 636.2	944.2	692.0
Net requirements	**42 016.5**	**33 921.4**	**8 095.1**
Voluntary contributions in kind (budgeted)	1 321.2	-	1 321.2
Total requirements	**44 973.9**	**34 865.6**	**10 108.3**